UNITED STATES DISTRICT COURT CENTRAL DISTRICT OF CALIFORNIA NO. CV 06-06152-MAN GABRIEL O. OGUNDELE, Plaintiff, MEMORANDUM OPINION AND ORDER MICHAEL J. ASTRUE, Commissioner of the Social Security Administration, Defendant. Plaintiff filed a Complaint on September 29, 2006, seeking review

Plaintiff filed a Complaint on September 29, 2006, seeking review of the denial by the Social Security Commissioner ("Commissioner") of Plaintiff's claims for disability insurance benefits ("DIB") and supplemental security income ("SSI"). On October 27, 2006, the parties consented to proceed before the undersigned United States Magistrate Judge, pursuant to 28 U.S.C. § 636(c). The parties filed a Joint Stipulation on April 30, 2007, in which: Plaintiff seeks an order

Michael J. Astrue became the Commissioner of the Social Security Administration on February 12, 2007. Pursuant to Rule 25(d)(1) of the Federal Rules of Civil Procedure, Michael Astrue should be substituted in place of Commissioner Joanne B. Barnhart as the Defendant in this action. No further action need be taken to continue this suit by reason of the last sentence of Section 205(g) of the Social Security Act, 42 U.S.C. § 405(g).

reversing the Commissioner's decision and remanding the case for further proceedings; and Defendant requests that the Commissioner's decision be affirmed. The Court has taken the parties' Joint Stipulation under submission without oral argument.

SUMMARY OF ADMINISTRATIVE PROCEEDINGS

Plaintiff filed his application for DIB and SSI on March 12, 2004. (Administrative Record ("A.R.") 21, 212.) Plaintiff claims to have been disabled since March 12, 2002, due to diabetes, hypertension, memory loss, and mental disturbance. (A.R. 21, 70, 83, 88, 203, 212.) He has past relevant work experience as, inter alia, a security guard. (A.R. 22, 89, 97- 104, 225.)

The Commissioner denied Plaintiff's claim initially and upon reconsideration. On June 20, 2005, Plaintiff, who was represented by counsel, testified at a hearing before Administrative Law Judge Walter Fisher ("ALJ"). (A.R. 637-69.) On December 27, 2005, the ALJ denied Plaintiff's claim, and the Appeals Council subsequently denied Plaintiff's request for review of the ALJ's decision. (A.R. 8-10, 21-26.)

SUMMARY OF ADMINISTRATIVE DECISION

In his December 27, 2005 written decision, the ALJ found that Plaintiff did not engage in substantial gainful activity during the period at issue. (A.R. 22.) The ALJ determined that Plaintiff has severe impairments consisting of diabetes and hypertension, but that

Plaintiff does not have an impairment or combination of impairments listed in, or medically equal to an impairment listed in Appendix 1, Subpart P, Regulations No. 4. (A.R. 23.) The ALJ concluded that Plaintiff did not have "any significantly limiting mental impairment." (A.R. 23.) Further, the ALJ found that inconsistencies in both Plaintiff's work history and educational background, as well as references in the record to his non-compliance with prescribed medications and multiple arrests for DUI and assault on police officers, undermined his credibility. (A.R. 24.)

Based on a June 16, 2004 state agency assessment (A.R. 297-306), which itself was based on a May 3, 2004 consultative examination and opinion by Ursula Taylor, M.D. (A.R. 290), the ALJ determined that Plaintiff: could lift 25 pounds frequently and 50 pounds occasionally; could sit, stand, and walk six hours in an eight-hour workday; was unable to perform repetitive bending and stooping; was unable to work in especially hazardous settings, such as work at unprotected heights or near dangerous machinery; and was unable to work in environments with vibrating tools. (A.R. 24-25.) Based on this physical residual functional capacity finding, the ALJ found that Plaintiff was able to return to his past relevant work as a security guard. (A.R. 25-26.) Accordingly, the ALJ concluded that the Plaintiff was not disabled within the meaning of the Social Security Act during the time period at issue. (Id.)

STANDARD OF REVIEW

This Court reviews the Commissioner's decision to determine

whether it is free from legal error and supported by substantial evidence. Smolen v. Chater, 80 F.3d 1273, 1279 (9th Cir. 1996). The Commissioner's decision must stand if it is supported by substantial evidence and applies the appropriate legal standards. Saelee v. Chater, 94 F.3d 520, 521 (9th Cir. 1996). Substantial evidence is "more than a mere scintilla but less than a preponderance -- it is such relevant evidence that a reasonable mind might accept as adequate to support the conclusion." Moncada v. Chater, 60 F.3d 521, 523 (9th Cir. 1995).

Although this Court cannot substitute its discretion for that of the Commissioner, this Court nonetheless must review the record as a whole, "weighing both the evidence that supports and the evidence that detracts from the [Commissioner's] conclusion." Desrosiers v. Sec'y. of <u>Health and Human Serv.</u>, 846 F.2d 573, 576 (9th Cir. 1988); see also <u>Jones v. Heckler</u>, 760 F.2d 993, 995 (9th Cir. 1985). "The ALJ is responsible for determining credibility, resolving conflicts in medical testimony, and for resolving ambiguities." Andrews v. Shalala, 53 F.3d This Court must uphold the (9th Cir. 1995). 1035, 1039-40 Commissioner's decision if it is supported by substantial evidence and free from legal error, even when the record reasonably supports more than one rational interpretation of the evidence. Id. at 1041; see also Morgan v. Comm'r. of the Soc. Sec. Admin., 169 F.3d 595, 599 (9th Cir. 1999); Flaten v. Secretary, 44 F.3d 1453, 1457 (9th Cir. 1995).

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DISCUSSION

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Plaintiff alleges that the ALJ failed to develop the record and evaluate his mental impairment properly. (Joint Stipulation ("J.S.") 3.)

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A. The ALJ Committed Error At Step Two, And Failed To Adequately Develop The Record, Regarding Plaintiff's Mental Impairment.

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Two well-established principles guide this Court's review of First, the requirement, at Step Two of the Plaintiff's claim. sequential analysis for social security claims, that an impairment be severe is merely "a de minimis screening device to dispose of groundless claims." <u>Edlund v. Massanari</u>, 253 F.3d 1152, 1158 (9th Cir. 2001). "An impairment or combination of impairments can be found 'not severe' only if the evidence establishes a slight abnormality that has 'no more than a minimal effect on [a claimant's] ability to work." Smolen, 80 F.3d at 1290 (citation omitted); see also 20 C.F.R. §§ 404.1521(a) and 416.921(a) ("[a]n impairment or combination of impairments is not severe if it does not significantly limit your physical or mental ability to do basic work activities.") A claim may be denied at Step Two only if a finding that the relevant impairments are not medically severe is "clearly established by medical evidence." Social Security Ruling 85-28 (emphasis added).

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Second, the Commissioner has an affirmative duty to develop the record, even when the claimant is represented by counsel. Brown v. Heckler, 713 F.2d 441, 442-43 (9th Cir. 1993). "In cases of mental

impairments, this duty is especially important." DeLorme v. Sullivan, 924 F.2d 841, 849 (9th Cir. 1990); see also Tonapetyan v. Halter, 242 F.3d 1144, 1150 (9th Cir. 2001) (ALJ has a heightened duty to develop the record where the claimant is mentally ill and therefore unable to protect her own interests); Highee v. Sullivan, 975 F.2d 558, 561-62 (9th Cir. 1992). The ALJ's duty to develop the record extends from the basic premise that Social Security hearings are not adversarial in nature. Orcutt v. Barnhart, 2005 WL 2387702, *3 (C.D. Cal. 2005); see also Sims v. Apfel, 530 U.S. 103, 111, 120 S. Ct. 2080, 2085 (2000) ("It is the ALJ's duty to investigate the facts and develop the arguments both for and against granting benefits"); 20 C.F.R. §§ 404.944 and 416.1444 (at the Administrative Hearing, the ALJ "looks fully into the issues").

Turning to the pertinent record here, on May 10, 2004, a consulting psychiatrist, Nathan Lavid, M.D., performed a psychiatric evaluation of Plaintiff. (A.R. 292-96.) In his report, Dr. Lavid noted that Plaintiff reported he was receiving psychiatric treatment. (A.R. 295.) Dr. Lavid diagnosed Plaintiff with alcohol dependence and depression not otherwise specified, but concluded that Plaintiff: is "without evidence of cognitive deficits, perceptual disturbances or delusion disorders"; and "would have no limitations from a psychiatric standpoint" if he stopped drinking. (A.R. 294-95.)

On June 24, 2004, a state agency physician, Dr. Stone, prepared a Psychiatric Review Technique form, a check-the-box document, which was predicated on Dr. Lavid's May 10, 2004 consultative report. (A.R. 307-20; see especially A.R. 319.) Dr. Stone noted that Plaintiff has a

medically determinable impairment of depression, but checked the box indicating that this impairment did not satisfy the criteria for "affective disorders" constituting "severe" mental impairments. (A.R. 310.) Dr. Stone also checked the box indicating that Plaintiff has a substance addiction disorder. (A.R. 315.) The state agency physician's "opinion" relevant to the ALJ's Step Two determination consisted simply of a box checked to indicate that Plaintiff's depression and substance addiction disorders did not constitute a severe mental impairment. (A.R. 307.)

Dr. Lavid's May 2004 consultative psychiatric examination and Dr. Stone's June 2004 state agency assessment were a part of the administrative record before the ALJ. In addition, the record contained Plaintiff's records of mental health treatment at Augustus F. Hawkins Mental Health Center from May 13, 2004, through July 15, 2004 (the "Augustus Hawkins records"). (A.R. 395-412.)

The Augustus Hawkins records reflect that Plaintiff's mental health treatment at Augustus Hawkins began on May 14, 2004. (A.R. 400-12.) Plaintiff's psychological history is described as including two suicide attempts involving overdosing in the year preceding the commencement of his treatment. (A.R. 408.) At the time Plaintiff began treatment, he complained of sleeplessness, depression, tearfulness, decreased appetite, weight loss, fatigue, psychomotor retardation, poor concentration, and decreased interest and pleasure in life in general. (Id.) Additionally, Plaintiff reported hearing his dead son talking to him. (A.R. 402.) A mental status evaluation at that time revealed that Plaintiff made erratic eye contact and exhibited: slurred speech;

impaired memory; below average fund of knowledge; dysphoria, tearful, and anxious mood; constricted affect; assaultive ideas; numerous behavioral disturbances; poor "Serial 7's"; impaired concentration; and passive features. (A.R. 411.) The assessing Augustus Hawkins psychologist found a Global Assessment of Functioning score ("GAF") of 50.2 (A.R. 412.) Plaintiff was primarily diagnosed as having major depressive disorder, recurrent, severe with psychotic features, with a secondary diagnosis of alcohol dependence. (Id.)

Subsequent visits to Augustus Hawkins for mental health treatment, in June and July 2004, are also documented. (A.R. 396-99.) On July 14, 2004, the last treatment documentation of record, treatment notes reveal complaints consistent with the initial diagnosis, including sleeplessness, depressed tearful mood, poor appetite, weight loss, hearing voices, and, notably, paranoidal/persecutory-type delusions. (A.R. 396.)

In the course of his treatment at Agustus Hawkins, Plaintiff was prescribed anti-depressant and anti-psychotic medications, including Paxil, Trazadone, and Seroquel. (A.R. 397-98, 400.) Throughout his treatment at Augustus Hawkins, Plaintiff complied with his prescribed

A GAF score of 50 indicates "serious symptoms (e.g. suicidal ideation, severe obsessive rituals, frequent shoplifting) or any serious impairment in social, occupational, or school functioning (e.g. no friends, unable to keep a job)." Diagnostic and Statistical Manual of Mental Disorders Text Revision, 34 (4th ed. 2000) ("DSM-IV-TR"); see also Boyd v. Apfel, 239 F.3d 698, 702 (5th Cir. 2001) (GAF rating of 50 or below indicates the presence of serious symptoms among which may include the inability to work). This denotes a significant difference in functioning from that found by Dr. Lavid in his consultative examination, at which Plaintiff was assessed a GAF of 65. (A.R. 295.) A GAF score of 61-70 indicates only "some mild symptoms" and a general ability to function well. DSM-IV-TR, 34.

medication dosage. (A.R. 397-401.)

Neither Dr. Lavid nor Dr. Stone appear to have had before them, or been aware of, any of the Augustus Hawkins records. (A.R. 292-96, 307-20.)

The hearing before the ALJ took place on June 20, 2005. (A.R. 637.) Plaintiff's attorney questioned Plaintiff about his mental health problems and treatment. (A.R. 651-56.) Plaintiff testified that he was then being treated for mental health problems, was depressed, and heard voices that precluded sleep. He also stated that he cannot tolerate "too much noise" or crowds, and he would try to escape them. (A.R. 651-54, 656.) Plaintiff's attorney noted for the record that the Augustus Hawkins records documented Plaintiff's claim of hearing voices. (A.R. 653.) Additionally, Plaintiff testified that he quit drinking in March 2004, and had been attending AA meetings daily since that time. (A.R. 651-52). Plaintiff also stated that he was unable to work, because he frequently visits the hospital for treatment. (A.R. 655-56)

In his decision, the ALJ summarily dismissed the Augustus Hawkins records on the ground that they showed "only fleeting mental health treatment." (A.R. 23.) The ALJ also gave short shrift to Plaintiff's claimed mental impairment, finding it was not "severe," at Step Two, based on the following reasoning:

[I]n an assessment dated June 2004, a State Agency psychiatrist opines that even in consideration of the claimant's ongoing alcohol abuse, the medical evidence of

record does not document significant and persistently limiting mental impairment (Exhibit B5F).

Also notable, the report of a May 2004 psychiatric consultative examination relates the claimant's admission that he drinks daily. However, a concurrent mental status examination shows little objective evidence of impairment, including adequate memory and concentration, as well as an absence of hallucinations. And the examiner comments, "The mental status examination today revealed the patient demonstrating extremely poor judgment by drinking on a daily basis when he understands that drinking can exacerbate his emotional complaints. The patient was otherwise without evidence of cognitive deficits, perceptual disturbances or delusion disorders at this time." (Exhibit B3F/4)

(A.R. 23.)

The ALJ's outright dismissal of the Augustus Hawkins treating records without considering their substance, and reliance principally on Dr. Stone's state agency assessment, as well as on Dr. Lavid's earlier consultative report, constitutes error for several reasons. First, the ALJ's characterization of the Augustus Hawkins records as showing only "fleeting" treatment is plainly inaccurate, particularly in light of Plaintiff's testimony at the June 2005 hearing that he still was undergoing mental health treatment. Such mischaracterization of the record is improper. See Gallant v. Heckler, 753 F.2d 1450, 1456 (9th Cir. 1984) (holding that it was error for an ALJ to ignore or misstate

competent evidence in the record in order to justify his conclusion).

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Second, the ALJ's dismissal of the treating psychological records, without any discussion of their substance, violated the cardinal rule governing the Commissioner's consideration of treating physician opinions -- namely, even if the opinion of a treating physician is contradicted by other medical evidence of record, it may be rejected by the ALJ only for "specific and legitimate" reasons, based on substantial evidence in the record. See, e.g., Widmark v. Barnhart, 454 F.3d 1063, 1066-67 (9th Cir. 2006); <u>Lester v. Chater</u>, 81 F.3d 821, 830 (9th Cir. 1995); Magallanes v. Brown, 881 F.2d 747, 751 (9th Cir. 1989). For the reasons noted above, the ALJ's characterization of the Augustus Hawkins records as showing only "fleeting" treatment was not legitimate, and thus, it was not an appropriate basis for failing to consider and reject the opinions of Plaintiff's treating psychologists at Augustus Hawkins. The ALJ failed to state any specific reason for rejecting those treating opinions and, instead, simply deferred to the May 2004 and June 2004 opinions of the consultative examiner and the state agency physician. While a non-treating physician's opinion may constitute substantial evidence if it is based on independent, clinical findings,3 the ALJ nonetheless was required to state specific and legitimate reasons for

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See, e.g., <u>Tonapetyan</u>, 242 F.3d at 1149; <u>Magallanes</u>, 881 F.2d at 752.

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The Court notes that Dr. Stone's state agency opinion appears to have been based entirely on Dr. Lavid's consultative opinion, the only medical/psychiatric record identified by the state agency examiner. (A.R. 319.) Accordingly, the ALJ's indication that he relied on two medical opinions to support his Step Two finding that Plaintiff's claimed mental impairment was not severe is misleading, as the only clinical findings supporting his conclusion were those made by Dr. Lavid.

rejecting the treating opinions set forth in the Augustus Hawkins records and relying instead on the conflicting opinion of Dr. Lavid (as incorporated into Dr. Stone's assessment). Moreover, and critically, neither Dr. Lavid nor Dr. Stone reviewed the Augustus Hawkins records. Hence, neither the consulting nor the state agency physician opinion can be said to rest on a complete picture of Plaintiff's mental health status.

Third, the ALJ's conclusory rejection of Plaintiff's claimed mental impairment was inconsistent with the above-described standards that govern the Commissioner's review at Step Two. The Augustus Hawkins records establish that Plaintiff's mental impairment had more than a minimal effect on his ability to work, if they are credited. The ALJ failed to consider them, however, and his rejection of the records summarily was ineffective to establish that they should not be considered. Accordingly, substantial evidence does not support the ALJ's Step Two conclusion that the Plaintiff's claimed mental impairment was non-severe.

In addition, the ALJ's duty to develop the record was triggered when Plaintiff testified that he currently was receiving mental health treatment. (A.R. 651.) Although the record at the time of the decision included Augustus Hawkins treatment notes from May 2004 through July 2004, that sworn testimony indicated that additional material, treatment records existed and, therefore, should have been considered and incorporated into the record. While it is the Plaintiff's responsibility to prove disability, "in Social Security cases the ALJ has a special duty to fully and fairly develop the record and to assure

that the claimant's interests are considered." Smolen, 80 F.3d at 1288 (quoting Brown, 713 F.2d at 443). Consequently, the ALJ failed in his duty "to scrupulously and conscientiously probe into, inquire of, and explore all the relevant facts" by not procuring the additional, relevant treatment records, once he was made aware that the Plaintiff continued to receive mental health care. Higher, 975 F.2d at 561.

Defendant argues that the ALJ fulfilled his duty by obtaining a psychiatric consultative examination, and that the consultant's independent clinical findings constituted substantial evidence supporting the ALJ's determination. (J.S. at 6-7.) However, as Plaintiff points out, there is a year-long evidentiary gap between Dr. Lavid's consultative examination and the administrative hearing. (J.S. at 5.) Moreover, Dr. Lavid's examination occurred prior to the Plaintiff's diagnosis and treatment at Augustus Hawkins. Given that Dr. Stone's state agency assessment rests only on Dr. Lavid's opinion, that state agency assessment suffered from these same flaws.

Further, the treatment records from August 2004, up to the time of the June 2005 hearing were material to the assessment of Plaintiff's mental condition, particularly if Plaintiff's condition had worsened during that period. When a claimant's condition is progressively deteriorating, the most recent medical records are the most probative.

Stone v. Heckler, 761 F.2d 530, 532 (9th Cir. 1985) (holding that earlier medical evaluations do not constitute substantial evidence to reject a treating physician's opinion, when condition is degenerative);

Magallanes, 881 F.2d at 754-55 ("[w]here a claimant's condition becomes progressively worse, medical reports from an early phase of the disease

are likely to be less probative than later reports"). It therefore is critical that the record be developed and the evidentiary gap filled.

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An ALJ can discharge his or her duty to develop the record "in subpoenaing the claimant's physicians, including: several ways, submitting questions to the claimant's physicians, continuing the hearing, or keeping the record open after the hearing to allow supplementation of the record." Tonapetyan, 242 F.3d at 1150; see also Smolen, 80 F.3d at 1288. Defendant argues that the ALJ fulfilled his duty by leaving the record open for supplementation after the hearing. (J.S. at 8, citing A.R. 669.) In fact, the transcript indicates that the record was left open only for the submission of medical records from H. Claude Hudson to clarify a physical limitation, not to obtain further records regarding Plaintiff's mental impairment. (A.R. 668-69.) From the evidence of record, it is clear that the ALJ made no effort to ascertain the extent of Plaintiff's mental impairment following the hearing. As a result, the ALJ failed to fully and fairly develop the record regarding Plaintiff's mental impairment.4

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Allegations of Plaintiff's alcohol abuse may be addressed following the development of the record. However, the ALJ must first conduct the five-step sequential evaluation "without separating out the impact of alcoholism or drug addiction." Bustamante v. Massanari, 262 F.3d 949, 955 (9th Cir. 2001). If, following this inquiry, there is a finding of disability, the ALJ must perform a two-step analysis to determine whether the substance abuse is a contributing factor to the 20 C.F.R §§ 404.1535(a) and 416.935(a). First, the ALJ disability. must evaluate which of Plaintiff's current mental and physical limitations would persist if he stopped using drugs or alcohol. Second, the ALJ must C.F.R. §§ 404.1535(b)(2) and 416.935(b)(2). determine whether Plaintiff's remaining limitations would be considered disabling. 20 C.F.R. §§ 404.1535(b)(2) and 416.935(b)(2). An ALJ may not conclude that substance abuse is a contributing factor material to the determination of disability without distinguishing between the substance abuse contributing to the disability and the disability remaining if the claimant refrained from the drug and alcohol use.

For the foregoing reasons, the ALJ's rejection of Plaintiff's claimed mental impairment at the Step Two level was error. Accordingly, the ALJ's decision regarding Plaintiff's claimed mental impairment is reversed.

B. Remand Is Required.

Here, remand is appropriate to allow the ALJ the opportunity to correct the above errors. See, e.g., Benecke v. Barnhart, 379 F.3d 587, 593 (9th Cir. 2004) (where ALJ erred by discounting treating physicians' opinions, remand for further proceedings is appropriate if enhancement of the record would be useful); Higbee, 975 F.2d at 561-62 (remanding case in order to develop the record); McAllister v. Sullivan, 888 F.2d 599, 603 (9th Cir. 1989) (remand appropriate to remedy defects in the record).

CONCLUSION

Accordingly, for the reasons stated above, the denial of benefits is REVERSED, and this case is REMANDED for further proceedings consistent with this Memorandum Opinion and Order. Judgment shall be entered reversing the decision of the Commissioner, and remanding the matter for further administrative action consistent with this Memorandum Opinion and Order.

Sousa v. Callahan, 143 F.3d 1240, 1245 (9th Cir. 1998) (reversing and remanding case to determine whether claimant's disability would have continued if she stopped using drugs and alcohol).

IT IS FURTHER ORDERED that the Clerk of the Court shall serve copies of this Memorandum Opinion and Order and the Judgment on counsel for Plaintiff and for Defendant. LET JUDGMENT BE ENTERED ACCORDINGLY. DATED: May 21, 2008 UNITED STATES MAGISTRATE JUDGE